



CONGRESSIONAL BUDGET OFFICE PAY-AS-YOU-GO ESTIMATE

December 21, 2000

H.R. 3594

Installment Tax Correction Act of 2000

As cleared by the Congress on December 15, 2000

H.R. 3594 repeals provisions of law enacted in 1999 that disallow the installment method of accounting for certain taxpayers. H.R. 3594 allows certain accrual basis taxpayers to use the installment method of accounting for dispositions of business property made on or after December 17, 1999. The installment method allows taxpayers to recognize the gain from dispositions of property proportionately as payments are received. Otherwise, taxpayers must include in income all of the gain from dispositions when ownership of the property is transferred.

The Joint Committee on Taxation (JCT) estimates that the act would reduce revenues by about \$1.1 billion in 2001, by about \$1.8 billion over the 2001-2005 period, and by about \$2.1 billion over the 2001-2010 period.

The estimated budgetary impact of H.R. 3594 is shown in the following table. Estimates of all provisions in H.R. 3594 were provided by JCT. For the purposes of enforcing pay-as-you-go procedures, only the effects in the budget year and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in receipts	-1,120	-394	-249	-70	-8	-20	-34	-47	-60	-76
Changes in outlays	Not applicable									

The CBO staff contact for this estimate is Erin Whitaker. This estimate was approved by G. Thomas Woodward, Assistant Director for Tax Analysis.